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## **INITIATIVE 710**

I, Ralph Munro, Secretary of State of the State of Washington and custodian of its seal, hereby certify that, according to the records on file in my office, the attached copy of Initiative Measure No. 710 to the People is a true and correct copy as it was received by this office.

1       AN ACT Relating to limiting taxes; amending RCW 84.55.0101;  
2       reenacting and amending RCW 84.55.005; adding new sections to chapter  
3       84.55; adding a new section to chapter 84.36 RCW; creating a new  
4       section; and repealing RCW 84.55.092.

5       BE IT ENACTED BY THE PEOPLE OF THE STATE OF WASHINGTON:

### **6       LIMITING TAXES BY INVALIDATING 1999 TAX INCREASES IMPOSED WITHOUT VOTER 7       APPROVAL**

8       NEW SECTION.   **Sec. 1.** A new section is added to chapter 84.55 RCW  
9       to read as follows:

10       (1) Any tax increase adopted by the state from July 2, 1999,  
11       through December 31, 1999, is null and void and of no effect. All  
12       taxes collected as a result of such tax increases shall be refunded to  
13       the taxpayer.

14       (2) For the purposes of this section, "tax" includes, but is not  
15       necessarily limited to, sales and use taxes; property taxes; business  
16       and occupation taxes; fuel taxes; impact fees; license fees; permit  
17       fees; water, sewer, and other utility charges, including taxes, rates,

1 and hook-up fees; and any other excise tax, fee, or monetary charge  
2 imposed by the state.

3 (3) For the purposes of this section, "tax" does not include:

4 (a) Higher education tuition;

5 (b) Civil and criminal fines and other charges collected in cases  
6 of restitution or violation of law or contract; and

7 (c) The price of goods offered for sale by the state.

8 (4) For the purposes of this section, "tax increase" includes, but  
9 is not necessarily limited to, a new tax, a monetary increase in an  
10 existing tax, a tax rate increase, an expansion in the legal definition  
11 of a tax base, and an extension of an expiring tax.

12 (5) For the purposes of this section, "tax increase" does not  
13 include taxes approved by a vote of the people.

14 (6) For the purposes of this section, "state" includes, but is not  
15 necessarily limited to, the state itself and all its departments and  
16 agencies, any city, county, special district, and other political  
17 subdivision or governmental instrumentality of or within the state.

#### 18 **LIMITING TAXES BY EXEMPTING VEHICLES FROM PROPERTY TAXES**

19 NEW SECTION. **Sec. 2.** A new section is added to chapter 84.36 RCW  
20 to read as follows:

21 (1) Vehicles are exempted from property taxes.

22 (2) For purposes of this section, "vehicles" include all vehicles  
23 licensed under chapter 46.16 RCW including, but not necessarily limited  
24 to, personal and business owned cars, trucks, sport utility vehicles,  
25 motorcycles, motor homes, campers, travel trailers, and mobile homes  
26 held as inventory.

27 (3) The purpose of this section is to exempt from property taxes  
28 all vehicles previously exempted from property taxes prior to the  
29 adoption by the people of Initiative Measure No. 695, the \$30 License  
30 Tab Initiative.

#### 31 **LIMITING TAXES BY SETTING PROPERTY TAX VALUATIONS TO 1999 LEVELS**

32 NEW SECTION. **Sec. 3.** A new section is added to chapter 84.55 RCW  
33 to read as follows:

34 (1) The valuation of every parcel of property is set to 1999  
35 levels.

36 (2) For purposes of this section:

37 (a) "Property" means real property; and

(b) "1999 levels" means the true and fair value of property on January 1, 1999.

(3) All real property not already assessed at the true and fair value of property on January 1, 1999, shall be reassessed to reflect that valuation.

**LIMITING TAXES BY LIMITING GROWTH OF PROPERTY TAX VALUATIONS TO 2% PER YEAR**

NEW SECTION. **Sec. 4.** A new section is added to chapter 84.55 RCW to read as follows:

(1) The valuation of property can only be increased by the rate of inflation, not to exceed 2% per year and only if the value of the property increases.

(2) Property valuations shall be reset to reflect values on January 1, 1999, and thereafter, shall be reset to market value when a change of ownership occurs or the property is newly constructed or manufactured. When property valuation is reset due to new construction or manufacture, the new valuation may increase only to the extent the new construction or manufacture increases the present market value of the property.

(3) For purposes of this section:

(a) "Property" means real and personal property;

(b) "Inflation" means the percentage change in the implicit price deflator for personal consumption expenditures for the United States as published for the most recent twelve-month period by the bureau of economic analysis of the federal department of commerce in September of the year before the taxes are payable;

(c) "Change of ownership" shall not include the transfer of real property to a spouse or to a trustee for the benefit of a spouse; and

(d) "Newly constructed" does not include reconstruction after fire or other natural disaster and does not include maintenance or replacement of existing components, such as roofs, siding, windows, and doors.

(4) Property tax valuations shall be reduced when there is a decline in value.

(5) This section is the method for determining true and fair value of property for purposes of chapters 84.40 and 84.41 RCW. By determining true and fair value of property in this manner, real

1 property taxes will be stabilized, uniform, and predictable for all  
2 property owners because all property will be valued at 1999 levels and  
3 increased by the lesser of the inflation rate or 2% per year and  
4 increased only when taxpayers choose to change ownership or construct  
5 on the property. Therefore, all current and future property owners  
6 will have the same benefit of knowing that their property's valuation  
7 for tax purposes will not increase beyond 2% per year without a change  
8 of ownership or improvement to the property. This guarantees that  
9 property taxes will be predictable and uniform for every present and  
10 future property owner in this state. This predictability also promotes  
11 neighborhood preservation, continuity, and stability in a manner which  
12 treats all property taxpayers uniformly.

13 **LIMITING TAXES BY LIMITING GROWTH OF PROPERTY TAXES TO 2% PER YEAR**

14 **Sec. 5.** RCW 84.55.005 and 1997 c 393 s 20 and 1997 c 3 s 201 are  
15 each reenacted and amended to read as follows:

16 As used in this chapter:

17 (1) "Inflation" means the percentage change in the implicit price  
18 deflator for personal consumption expenditures for the United States as  
19 published for the most recent twelve-month period by the bureau of  
20 economic analysis of the federal department of commerce in September of  
21 the year before the taxes are payable;

22 (2) "Limit factor" means:

23 (a) For taxing districts with a population of less than ten  
24 thousand in the calendar year prior to the assessment year, one hundred  
25 (~~six~~) two percent;

26 (b) For taxing districts for which a limit factor is authorized  
27 under RCW 84.55.0101, the lesser of the limit factor under that section  
28 or one hundred (~~six~~) two percent;

29 (c) For all other districts, the lesser of one hundred (~~six~~) two  
30 percent or one hundred percent plus inflation; and

31 (3) "Regular property taxes" has the meaning given it in RCW  
32 84.04.140.

33 **Sec. 6.** RCW 84.55.0101 and 1997 c 3 s 204 are each amended to read  
34 as follows:

35 Upon a finding of substantial need, the legislative authority of a  
36 taxing district other than the state may provide for the use of a limit

1 factor under this chapter of one hundred ((~~six~~)) two percent or less.  
2 In districts with legislative authorities of four members or less, two-  
3 thirds of the members must approve an ordinance or resolution under  
4 this section. In districts with more than four members, a majority  
5 plus one vote must approve an ordinance or resolution under this  
6 section. The new limit factor shall be effective for taxes collected  
7 in the following year only.

8 **LIMITING TAXES BY REPEALING LAW WHICH ALLOWS "STOCKPILING" OF FUTURE**  
9 **PROPERTY TAX INCREASES**

10 NEW SECTION. **Sec. 7.** RCW 84.55.092 (Protection of future levy  
11 capacity) and 1998 c 16 s 3, 1988 c 274 s 4, & 1986 c 107 s 3 are each  
12 repealed.

13 **CONSTRUCTION CLAUSE**

14 NEW SECTION. **Sec. 8.** The provisions of this act are to be  
15 liberally construed to effectuate the policies and purposes of this  
16 act.

17 **SEVERABILITY CLAUSE**

18 NEW SECTION. **Sec. 9.** If any provision of this act or its  
19 application to any person or circumstance is held invalid, the  
20 remainder of the act or the application of the provision to other  
21 persons or circumstances is not affected.

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